

MINUTES
Finance Committee
March 19, 2001

The Finance Committee met March 19, 2001, at 8:30 a.m. at the Ballroom, Keen Johnson Building, Eastern Kentucky University, Richmond, Kentucky. Chair Baker presided.

ROLL CALL

The following members were present: Walter Baker, Steve Barger, Ron Greenberg, Merl Hackbart, Hilda Legg, Amanda Coates Lich, Charlie Owen, and Charles Whitehead.

ACTION:
POSTSECONDARY
EDUCATION TRUST
FUNDS INVESTMENT
INCOME

RECOMMENDATIONS:

- The staff recommends that the interest income earned through June 30, 2000, on the five trust funds listed in the attached chart be allotted to the institutions in accordance with established trust fund criteria and policy statements.
- The staff recommends that, using funds from the Technology Initiative Trust Fund (see Agenda Item I-2), the council provide the required one-for-one match of interest income from the Regional University Excellence Trust Fund if used by the comprehensive universities to advance the statewide strategy for engineering. The staff further recommends that the council match funds allocated internally by the University of Kentucky and the University of Louisville for the statewide engineering strategy up to an amount equivalent to the interest income accumulated in the Research Challenge Trust Fund. The staff recommends that the council limit the total amount of the matching funds from the Technology Initiative Trust Fund to \$650,000, as presented in Agenda Item I-2.

Angela Martin, council vice president for finance, reported that the council reaffirmed its commitment to the strategy for statewide engineering education and to approving the joint programs at its February 5 meeting.

Ms. Carol Garrison, University of Louisville, said the university is very supportive of the statewide engineering plan.

Mr. Ben Carr, University of Kentucky, and Ms. Garrison stated that the universities are committed at least for the first year to find matching funds out of their operating funds.

Ms. Martin said that the research endowment funds are the "Bucks for Brains" program. The research challenge funds are program funds for which both UK and UL submitted proposals in 1998.

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MOTION: Ms. Legg moved for approval of these recommendations.
Mr. Hackbart seconded the motion.

VOTE: The motion passed.

*ACTION:
TECHNOLOGY
INITIATIVE TRUST
FUND*

RECOMMENDATION: The staff recommends that the council approve the following allocations from the 1998-2000 General Fund appropriation to the Technology Initiative Trust Fund:

- \$650,000 for academic program development, primarily the statewide strategy on engineering education.
- \$300,000 for the development and administration of surveys that support the key indicators.
- \$100,000 for the council's Web development.
- \$400,000 for degree audit and course transfer systems.
- \$100,000 for local P-16 councils.

Ms. Martin said that the academic program development funds will be used to match the interest income for the statewide engineering strategy.

MOTION: Mr. Whitehead moved for approval of the recommendation. Ms. Legg seconded the motion.

VOTE: The motion passed.

*2002-04 OPERATING
& CAPITAL BUDGET
RECOMMEN-
DATIONS:
PRELIMINARY
TIMELINE*

Ms. Martin reported that the Council on Postsecondary Education is required to submit the 2002-04 operating and capital budget recommendations for the public institutions and the council to the Governor's Office for Policy and Management and the Legislative Research Commission by November 15, 2001. A preliminary timeline has been prepared for developing these recommendations. In addition to the activities listed on the timeline, the presidents and the chief budget officers will continue to meet regularly with the council staff to discuss the development of the recommendations.

*2002-2004
TUITION-SETTING
GUIDELINES*

Ms. Martin reported that at the February 2001 meeting, the council approved the "Points of Consensus Among the University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology."

Tuition and fees revenue plays an important part in developing the 2002-04 operating budget recommendations. Within the framework of the "Points of Consensus," the staff has developed the draft 2002-04 tuition-setting guidelines. Draft guidelines were discussed at the chief budget officers' March 1 meeting and the presidents' March 7 meeting.

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A lengthy discussion followed concerning the tuition-setting guidelines. The committee members expressed the need to understand the implications and to further discuss this issue. Ms. Lich suggested that students should also participate in the discussion.

*ACTION:
UNIVERSITY OF
KENTUCKY GLUCK
EQUINE RESEARCH
CENTER
RENOVATION*

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to renovate the Gluck Equine Research Center with \$4,700,000 in private and agency funds.

MOTION: Mr. Hackbart moved for approval of the recommendation. Ms. Legg seconded the motion.

VOTE: The motion passed.

*ACTION:
MOREHEAD STATE
UNIVERSITY NASA
SATELLITE
TRACKING STATION*

RECOMMENDATION: The staff recommends that the council approve Morehead State University's request to spend \$4,200,000 in federal funds to relocate the operations of the NASA-Goddard satellite tracking station to Morehead from Wallops Island, Virginia.

MOTION: Mr. Barger moved for approval of the recommendation. Mr. Greenberg seconded the motion.

VOTE: The motion passed.

*CONTRACT
BUYOUTS*

Mr. Baker discussed the recent buyouts of athletic contracts at the two major research universities. Mr. Baker said that it is blatantly obscene and conveys to the people of this Commonwealth that it pays to fail.

Mr. Hackbart said that he appreciated Mr. Baker's comments and thinks the issue should be discussed.

Mr. Barger said he agreed with Mr. Baker and Mr. Hackbart wholeheartedly and hoped the council could develop a statement regarding the buyouts.

Mr. Greenberg said that he would second Mr. Barger's comments, adding that it shows the focus is on athletics not on academics, which will not move this state forward.

ADJOURNMENT

The meeting adjourned at 10 a.m.

— Angela S. Martin

Vice President for Finance

Tammie L. Clements
Secretary